Funding Tennessee's Public Colleges and Universities: The Outcomes-Based Funding Formula

A Process Chart

The steps for the 2017-18 outcomes-based funding formula are depicted below accompanied by a brief explanation.

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Raw Outcome Data

The raw number of students meeting each outcome are calculated. Outcomes consist of numerous measures, such as student credit hour accumulation. associate's and bachelor's degrees rewarded, and graduation rates.



Focus Population Premiums

Student progression and completion outcomes earn premiums for adult students, low income students, and academically under-prepared students (for community colleges only). The **premiums** for **universities** are **80%** for a student falling in one focus population and 100% for a student falling into two focus populations. The premiums for community colleges are 80% for a student falling in one focus population, 100% for a student falling in two focus populations, and 120% for a student falling into three focus populations.



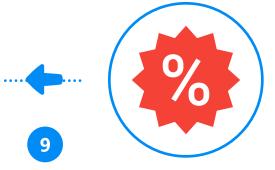
Three-Year Weighted **Outcomes**

The three-year average of each outcome is calculated. For example, the 2017-18 formula uses raw outcome data for every outcome and focus population metric using the average from the years of 2013-14, 2014-15, 2015-16.



Scaled Outcomes

Each outcome is **scaled** to allow for **comparison** across outcomes that show variation over time. Coupled with the three-year average, scales may also limit volatility in outcomes that show greater variation over time.



Point Change from Previous Year

An institution's point total for the current year is compared to the previous year to determine the percent change in total points. The percent change in total points can be greater or less than the orevious year.

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Point Total

An institution's total weighted outcomes, fixed costs, and quality assurance components are calculated into a point total. The point total is used to find the growth in total outcomes of colleges and universities.



Quality Assurance

Quality Assurance Funding (QAF) gives an institution the opportunity to earn an additional 5.45% of their outcome points. QAF focuses on quality standards for institutions to achieve. Standards for QAF focus on student learning and engagement as well as student access and success.



An institution's **fixed costs** are calculated by multiplying

the total weighted outcomes of all institutions by a given

institution's fixed cost share and a fixed cost constant of

21.8%. Fixed costs include costs incurred by institutions

for maintenance and operations, utilities, and equipment

replacement. Fixed costs do not include capital outlay or

maintenance for new construction.

Weighted Based on **Institutional Mission**

Mission weights are identified through discussions with college and university presidents and chancellors about institutional priorities and in accordance with an institution's Basic Carnegie Classification.



Individual Growth in Shares

An institution's point change, whether it is greater or less than the previous year, is **multiplied** by an institution's appropriation share from the previous year to calculate the institution's individual growth **in shares**. The resulting percentage is an institution's new appropriation share.



Adjusted Share Growth

An institution's new appropriation share is multiplied by the total appropriations of all colleges and **universities** from the previous year, less a given institution's appropriation in dollars from the previous year. This results in the **change in funding** in dollars for an institution from the previous year.



Share of New Funding

An institution's new appropriation share is multiplied by any **new funding received** from the General Assembly for higher education to get the institution's share of new funding.



Change in Funding

Any change in funding from an institution's previous year is added to their share of new funding. If an institution lost funding due to poor performance from the previous year, their loss in funding will be **deducted** from their share of new funding, if applicable.



Final Recommendation

Any change in funding for the new year is **added** to an institution's appropriation in dollars from the previous year to determine the institution's new formula funding recommendation for the General Assembly.